

Message Text

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ACTION EB-07

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C O N F I D E N T I A L TEHRAN 6260

E.O. 11652: GDS

TAGS: EGEN, ENRG, IR, SA

SUBJ: IRANIAN POSITION ON RESUMPTION OF PRODUCER-CONSUMER DIALOGUE

SUMMARY: FINMIN ANSARY AND CENTRAL BANK GOVERNOR YEGANEH (PREPCON DELEGATE), IN EXTENDED DISCUSSIONS WITH UNDER SECRETARY ROBINSON, AGREED MONDAY WITH MAJOR ELEMENTS OF US APPROACH TO PRODUCER-CONSUMER DIALOGUE, INCLUDING OPPOSITION TO SAUDI ARABIAN CALL FOR FOURTH COMMISSION ON INTERNATIONAL MONETARY AND FINANCIAL MATTERS. THEY ALSO AGREED TO US AND EUROPEAN VIEW THAT IT WILL BE IMPRACTICAL TO CONVENE PREPCON WITH ASSURANCE OF SUCCESSFUL OUTCOME BEFORE LATE SEPTEMBER. THEY ACCEPTED US VIEW THAT IT SHOULD BE SUFFICIENT TO HAVE REACHED BILATERAL UNDERSTANDINGS ON PROCEDURAL DECISIONS TO BE TAKEN AT PREPCON AND TO ANNOUNCE FIRM DATE FOR RECONVENING PREPCON TO SATISFY OPEC NEED FOR EVIDENCE OF SERIOUS MOVEMENT BEFORE SEPTEMBER 24 OPEC OIL PRICE MEETING. END SUMMARY

1. UNDER SECRETARY ROBINSON PUT FORWARD US APPROACH TO LAUNCHING OF MULTILATERAL PRODUCER-CONSUMER DIALOGUE IN DETAILED PRESENTATION TO YEGANEH AND SUMMARY OUTLINE TO CONFIDENTIAL

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ANSARY. SIMILAR EXPLORATORY TALKS SCHEDULED BY GOI HERE OVER

NEXT TWO DAYS WITH SAUDI OIL MINISTER YAMANI AND FRENCH FOREIGN OFFICE UNDER SECRETARY FROMENT-MEURICE. ROBINSON ASKED FOR GOI SUPPORT ON POINTS OF DIFFERENCE BETWEEN US AND SAUDI VIEWS RE TIMING OF PREPCON RESUMPTION AND HANDLING OF FINANCIAL ISSUES IN COMMISSION STRUCTURE TO BE DESIGNED BY PREPCON AND LAUNCHED BY LARGER MINISTERIAL CONFERENCE. HE SIMILARLY ASKED GOI IN TALKING WITH FRENCH TO SUPPORT US POSITION WHERE IT CONFLICTS WITH FRENCH APPROACH, PARTICULARLY ON US DETERMINATION TO GIVE RECONVENED GROUP OF 10 (ORIGINAL PREPCON GROUP) PRIMARY VOICE IN SETTLING STRUCTURAL-PROCEDURAL DESIGN OF PRODUCER-CONSUMER DIALOGUE, AS OPPOSED TO FRENCH IDEA OF LEAVING MAJOR DECISIONS TO 27-NATION MINISTERIAL CONFERENCE.

2. ANSARY AND YEGANEH AGREED TO OPPOSE SAUDI INSISTENCE--SHARED WITH SOME LDCS--THAT FULL COMMISSION ON MONETARY AND FINANCIAL MATTERS BE ESTABLISHED, WITH AUTHORITY TO ADOPT RESOLUTIONS ON AN AS YET UNDEFINED RANGE OF ISSUES. THEY AGREED THAT FINANCIAL ISSUES DIRECTLY RELATED TO PROBLEMS ADDRESSED BY THREE BASIC COMMISSIONS SUGGESTED BY USG--ENERGY, OTHER COMMODITIES, AND DEVELOPMENT OF POOREST COUNTRIES--SHOULD BE HANDLED BY THESE COMMISSIONS. IF NECESSARY, ENERGY COMMISSION MIGHT HAVE FINANCIAL/MONETARY SUBCOMMITTEE, RECOGNIZING IMPORTANCE TO ALL COUNTRIES OF GIVING INCENTIVE OF ASSURED ASSET VALUES TO SAUDI ARABIA AND FEW OTHER OPEC COUNTRIES THAT WOULD ACCUMULATE LARGE FINANCIAL SURPLUSES BY PRODUCING NEAR FULL CAPACITY. ANSARY WAS FIRM ON THIS ISSUE WHILE YEGANEH SAID HE HOPED YAMANI COULD BE SATISFIED BY SUBCOMMITTEE OF ENERGY COMMISSION.

3. IRANIAN OFFICIALS PLACED LESS WEIGHT THAN YAMANI ON POSSIBLE IMPACT UPON OPEC SEPTEMBER 24 PRICE DECISIONS OF RECONVENING OF PREPCON AND REACHING SPECIFIC AGREEMENTS ON PROCEDURES FOR INITIATING PRODUCER DIALOGUE BEFORE SEPTEMBER 24. YAGANEH SAW OPEC DECISIONS AS LARGELY INDEPENDENT OF THIS SUBJECT, REFLECTING IRAN'S STRESS ON INDEXING, WHILE SAUDI ARABIA IS MORE CONCERNED WITH MAINTAINING VALUE OF FINANCIAL SURPLUSES DERIVED FROM OIL AND THEREFORE SEES PRODUCER-CONSUMER DIALOGUE AS MEANS

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OF ACHIEVING THIS PRIMARY OBJECTIVE.

4. YEGANEH LIKE YAMANI SAW ADVANTAGES IN RESTRICTING COMMISSION MEMBERSHIP TO COUNTRIES SELECTED TO BE IN MINISTERIAL CONFERENCE. ALL AGREED THAT THREE WORLD BLOCKS--OPEC, OECD AND LDC GROUP OF 77--SHOULD SELECT THEIR REPRESENTATIVES IN 27 NATION MINISTERIAL CONFERENCE, TAKING INTO ACCOUNT PROSPECTIVE MEMBERS'

INTERESTES IN ONE OR MORE OF THREE COMMISSION SUBJECTS. THEY ALSO AGREED THAT OBJECTIVE CRITERIAL SUCH AS VOLUME OF EXPORTS AND IMPORTS OF OIL AND OTHER COMMODITIES AS PERCENTAGE OF TOTAL TRADE OR GNP, VOLUME OF AID CURRENTLY GIVEN AND REQUIRED, ETC., SHOULD BE ADOPTED BY PREPCON AND USED IN ASSIGNMENT OF MEMBERS TO COMMISSIONS.

5. WHILE AGREEING WITH YAMANI THAT COMMISSIONS SHOULD BE SMALL, IRANIANS SAW NECESSITY OF HAVING COUNTRIES WITH MAJOR MULTIPLE INTERESTS IN MORE THAN ONE COMMISSION, WHICH WOULD REQUIRE EXPANDING COMMISSION SIZE TO PERHAPS 12.

6. RELATIONSHIP OF COMMISSIONS, ESPECIALLY ON COMMODITIES AND DEVELOPMENT, TO UN AND OTHER INTERNATIONAL BODIES AND LINKAGE OF COMMISSIONS TO MINISTERIAL CONFERENCE WERE EXPLORED WITHOUT RESOLUTION. YEGANEH ARGUED NECESSITY OF COMMISSIONS COMPOSED OF OFFICIALS AT EXPERT LEVEL REPORTING TO FULL CONFERENCE AS AND WHEN THEY HAD RECOMMENDATIONS OR PROGRESS TO REPORT. HE ALSO SAW NEED FOR CLOSE CONSULTATION WITH EXISTING INTERNATIONAL BODIES WITH SIMILAR MANDATES. TO THIS END, HE SAW NEED FOR OBSERVERS FROM IBRD, UN BODIES, INTERNATIONAL COMMODITY GROUPS, ETC.

7. ROBINSON STRESSED IMPORTANCE OF AVOIDING TURNING CONFERENCE-COMMISSION SCHEME INTO A SMALLER VERSION OF UN OR UNDUE DUPLICATION OF WORK OF COMPETENT AND REPRESENTATIVE INTERNATIONAL ORGANIZATIONS. HE OPPOSED PREDETERMINATION OF WHETHER OR HOW OFTEN MINISTERIAL COMMISSION SHOULD MEET. YEGANEH AGREED THAT RECONVENING OF CONFERENCE SHOULD DEPEND ON PROGRESS ACHIEVED BY EACH COMMISSION AND DEMONSTRATED NEED FOR MINISTERIAL LEVEL ACTION. HE DID NOT, HOWEVER, ACCEPT USG POSITION
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THAT EXPERT LEVEL COMMISSIONS COULD BE INDEPENDENT OF CONFERENCE WHICH WILL CREATE THEM.
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